RAJYA SABHA

Wednesday, the 14th December, 2005/23 Agrahayana, 1927 (Saka)

The House met at eleven of the clock,
MR. CHAIRMAN in the Chair.

ORAL ANSWERS TO QUESTIONS

Import of pepper

*301.SHRI N.K. PREMACHANDRAN: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government allowed pepper import from other countries and if so, how many nations have been allowed free trade of pepper with our country;

(b) whether the pepper of Vietnam has been routed to India through Sri Lanka by misusing free trade import facilities and if so, whether Government initiated any steps to check the misuse of trading provisions; and

(c) whether Government propose to set up any limitation for the import policy to check the misuse of the concerned provisions?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN): (a) to (c) A Statement is laid on the Table of the House.

Statement

(a) Yes, Sir. India imports pepper from countries like Vietnam, Sri Lanka, Indonesia, Ecuador, Singapore, Thailand, Brazil, Netherlands, Malaysia and Madagascar etc. However, duty free import of pepperisonly allowed from Sri Lanka under India-Sri Lanka Free Trade Agreement (ISLFTA).

(b) The Government is not aware of any routing of Vietnamese Pepper to India through Sri Lanka under ISLFTA. All exports of pepper from Sri Lanka to India are accompanied by a Certificate of Origin issued by the Department of Commerce, Government of Sri Lanka.

(c) The Foreign Trade Policy permits import of pepper in the following ways:

(i) Import of pepper under Chapter-9 of the ITC (HS) Classification of Imports and Exports is free subject to payment of Customs Duty.

(ii) Export Oriented Units (EOUs) and Special Economic Zones (SEZs) are allowed duty free import for value addition and re-export purpose.

(iii) Import against Advance License is also allowed for value addition and re-export purpose. However, Advance Licenses for pepper are issued only for import of "Light Black Pepper" for extraction by oleoresin industry for export purposes.

(iv) Import is also allowed under the Free Trade Agreement with Sri Lanka at Zero Duty irrespective of end use.

(v) Under the Plant Quarantine Order, an import permit is required for import of pepper.

Action taken by Government:

(a) Advance Licence are issued only for import of "light black pepper" for extraction by oleoresin industry for export purpose. (Public Notice No. 17 dated 7.6.2005).

(b) DTA sales by EOUs at concessional duty and at full duty has been disallowed in case of pepper and pepper products. (Notification No. 2 dated 13.5.2005).

(c) It is now mandatory for EOU units to get themselves registered with the Spices Board (PN 21 dated 13.6.2005).

(d) Import of 300 sensitive items including spices are monitored by the DGFT so that Government can take action in case of any surge in imports.

SHRI N.K. PREMACHANDRAN: Sir, the question is regarding import of pepper to India through Sri Lanka. Sir, India plays a very dominant role in the global trade of spices, especially in pepper. India's share in the global trade is 37 per cent. But it is quite unfortunate to note that the

pepper exports dropped to below 15,000 tonnes in 2004-05, which is the lowest in the last 45 years, in the history of the country, as far as spices exports are concerned.

MR. CHAIRMAN: Put your question.

SHRI N.K. PREMACHANDRAN: I am formulating the question, Sir. In 2002-03, the value of...

MR. CHAIRMAN: Please come to your question.

SHRI N.K. PREMACHANDRAN: Sir, I am coming to my question. The value of exports has come down, and the price of pepper has also come down considerably, from Rs. 88/- to Rs. 69/-.

MR. CHAIRMAN: No, no; I won't allow this sort of debate.

SHRI N.K. PREMACHANDRAN: Sir, the answer given to my question is: "The Government is not aware of any routing of Vietnamese Pepper to India through Sri Lanka under ISLFTA." Sir, this is the answer which is given. So many representations have been given...

MR. CHAIRMAN: What is your question?

SHRI N.K. PREMACHANDRAN: I am putting my question, Sir.

MR. CHAIRMAN: No, no; I won't allow all this. Please put your question.

SHRI N.K. PREMACHANDRAN: Whether the Government has received any representation from the industry/growers regarding the import of pepper from third countries through Sri Lanka; if so, whether any inquiry has been done; and what action has been taken.

SHRI E.V.K.S. ELANGOVAN: Sir, exports of pepper from Ceylon is there, and we have a Free Trade Agreement with Ceylon. So, pepper is being imported from Ceylon.

SHRI S.S. AHLUWALIA: It is Sri Lanka, Sir.

SHRI E.V.K.S. ELANGOVAN: So, pepper is being imported from Sri Lanka. ...*(Interruptions)*... Pepper is being imported from Ceylon. But as the hon. ...*(Interruptions)*...

SHRI S.S. AHLUWALIA: Sir, again, he is saying Ceylon!

श्री सभापति: ठीक है, ठीक है। It is Sri Lanka. ...*(Interruptions)*

SHRI V. NARAYANASAMY: It is Sri Lanka.

श्री एस.एस. अहलुवालिया: सर, कॉमर्स मिनिस्टर दूसरे मुल्क का गलत नाम लें, तो यह उस देश का अपमान है। ...(व्यवधान)...

MR. CHAIRMAN: I will correct him. It is Sri Lanka. ...*(Interruptions)*... बैठ जाइए, बैठ जाइए।

SHRI E.V.K.S. ELANGOVAN: Sir, our exports of pepper coming from Sri Lanka are accompanied by a Certificate of Origin issued by the Commerce Ministry of Sri Lanka, and, therefore, we have not come across any incidents that other countries are routing pepper through Sri Lanka. If the Member is aware of any such incidents, we will definitely take care of that.

SHRI N.K. PREMACHANDRAN: Sir, my second supplementary is this. It is quite unfortunate that--I would like to put it on record—the Chief Minister of Kerala has submitted a memorandum to the hon. Commerce Minister stating that such things are happening in India, and has also urged for placing pepper in the 'list of restricted items' in the Indo-Sri Lanka Free Trade Agreement. It is being requested that there is no option but to place pepper in the 'list of restricted items'. My supplementary is whether the Government has received any representation from the Kerala Chief Minister; if so, whether any inquiry has been done; and what action has been taken therein.

SHRI E.V.K.S. ELANGOVAN: Sir, I am not aware of any representation from the Chief Minister of Kerala. If, instead of saying 'such incidents are taking place', the hon. Member could pinpoint what are those incidents and which are the products, if all those details are given, we will look into them.

PROF. P. J. KURIAN: Sir, our problem is that because of the Free Trade Agreement with Sri Lanka, the price of pepper has crashed, and the farmers are not getting proper price. The farmers are even committing suicides. That is the adverse impact of Free Trade Agreement. Once you implement a Free Trade Agreement with other countries where you allow imports with zero duties, in pepper and also in other commodities, what is the mechanism that the Government is having to ensure that the price does not fall below a particular

remunerative value, and if the price falls below that, what is the mechanism to correct that so that our farmers get a minimum remunerative price? You ignore that and then go in for free trade. What is your corrective mechanism? That is what I want to know.

SHRI E.V.K.S. ELANGOVAN: Sir, as the hon. Members stated, there is a Free Trade Agreement with Sri Lanka and because of that our bilateral trade has reached a large volume. For example, exports from...*(Interruptions)*...

PROF. P.J. KURIAN: No. This is a question about pepper. You don't speak about bilateral trade and other things. This is a specific question about pepper. We don't want to hear about other things. You speak about pepper because pepper price has fallen and the farmers are committing suicides. On some other items there 5 be...*(Interruptions)*.. You talk about pepper. *(Interruptions)*...

SHRI E.V.K.S. ELANGOVAN: Sir, not only pepper but also all other spices are fetching low prices. The Government, through various measures, are taking care of it. The Spices Board is seeing to it how to boost the pepper price and how to help the pepper-growers. The Government is taking all the necessary steps. *(Interruptions)*... If the hon. Members give suggestions by which we can increase the price of pepper, the Government will look into it.

डा॰ मुरली मनोहर जोशी: सभापति जी, यह जो प्रश्न है, इसका एक डायमेंशन यह है कि जो फ्री ट्रेड के प्रोविजन्स हैं, उनके मिसयूज के कारण हमारी वनस्पति इंडस्ट्री पर भी बहुत बुरा दुष्प्रभाव पड़ रहा है। ...(व्यवधान)... I am asking the same thing. Are you going to revise this Agreement about free trade? *(Interruptions)*.... It is the same thing. *(Interruptions)*... The point is that under the same Agreement, a similar deleterious effect is being found on the vanaspati industry of the country. *(Interruptions)*... Several vanaspati industrial units have been closed and it has resulted in a large-scale loss to the Indian farmers. *(Interruptions)*...

श्री सभापति: बस हो गया।

SHRI E.V.K.S. ELANGOVAN: Sir, the hon. Member has asked a question about vanaspati. If he puts a 9arate question, I will definitely give him the details.

SHRI M.P. ABDUSSAMAD SAMADANI: Sir, as already stated by the hon. Members, the pepper farmers in Kerala are in a big trouble. Malabar is famous for the Malabar pepper, which is liked throughout the world. Now, there is a great challenge to this Malabar pepper due to the bilateral agreements and other things. Pepper is coming to India from other countries through Sri Lanka and it is mixed with the Malabar pepper. They are misusing it. The entire situation... (*Interruptions*)...

DR. MURLI MANOHAR JOSHI: The same thing is happening in the case of oil. (*Interruptions*)...

SHRI M.P. ABDUSSAMAD SAMADANI: We are not getting an answer. I would like to know from the hon. Minister what steps the Government is taking to protect the Indian pepper and its original character, expecially, the black pepper of Malabar, in the present scenario.

SHRI E.V.K.S. ELANGOVAN: Sir, again and again, the hon. Members are saying that pepper of other countries is being imported through Sri Lanka. (*Interruptions*)... I have been repeatedly requesting them, please give us any specific case so that we can take action. (*Interruptions*)...

SHRI M.P. ABDUSSAMAD SAMADANI: It is reported in the media. (*Interruptions*)...

THE MINISTER OF DEFENCE (SHRI PRANAB MUKHERJEE): Sir, the hon. Member wanted to know whether third country pepper is entering into India or imported into India through Sri Lanka. The reply of my colleague has already been, "No". It is not because the certificate of origin is being provided by the Commerce Ministry of Sri Lankan Government and it is so everywhere. The second point is that the hon. Members should appreciate that the Malabar pepper is of very high quality. The total production of pepper in the country is roughly 60,000 tonnes per year. Twenty thousand tonnes of very high-grade pepper is grown in Malabar and most of it is exported. But we have to import because there are a large number of factories in Kerala which are manufacturing oleoresin from the pepper. For that purpose low quality pepper is to be imported and it is being done. So far as the Sri Lankan import is concerned, if you look into the year-wise figures. Import of pepper from Sri Lanka in 2000-01, was 1759 metric tonnes; in 2001-02, it came down to 841 metric tonnes. In 2002-03, it went up

a little high to 6,000 tonnes. Then again in 2003-04, it has come down to 4,915 metric tonnes. Therefore, the issue is, we go by the certificate of origin given by the Department of the Sri Lankan Government. If any distortion of trade has come to the notice of the hon. Members, they can give it to the Department. The Department will certainly look into it.

SHRI A.K. ANTONY: Sir, there is a steep fall in the price of pepper because of the various reasons. It is a serious problem which is affecting the pepper-growing farmers. As a result of continuous representations from the representatives of Kerala and the Government of Kerala, I understand that the Union Government has finally agreed to intervene in the matter and give export subsidy to the farmers. I understand that the Spices Board has been authorised to intervene in the matter. This scheme has to be made successful. What steps is the Government taking to make the intervention of the Spices Board a success so that the difficulty of the farmers can be removed to a great extent?

SHRI E.V.K.S. ELANGOVAN: Sir, there is no further proposal to give subsidy to the pepper growing farmers. The Government is trying, through the Spices Board, to improve the condition to spice growers, especially the pepper growers.

SHRI A.K. ANTONY: Sir, there was an announcement. (*Interruptions*).

PROF. P.J. KURIAN: Sir, we have read in the newspapers. There was an announcement made by the Ministry. (*Interruptions*)

MR. CHAIRMAN: Please take your seat. Mr. Antony is on his legs. (*Interruptions*). Please take your seat.

SHRI A.K. ANTONY: Sir, it was announced by the Government.

SHRI YASHWANT SINHA: Sir, when you have a free trade agreement with any country, you win some and you lose some. Now pepper is a very sensitive item about which issues have been raised from time to time. The issue here is, Vietnam's and other third country's pepper is finding its way into India through Sri Lanka. It is not a difficult question to tackle.There are, as hon. Pranabji said, rules of origin. Pepper is a pri3y product and there is hardly any value added to this. There are, in the free trade agreement, provisions for value addition. It is true that the Sri Lankan

authorities will certify whether the pepper is of Sri Lankan origin or not. But we can easily find out, the Commerce Ministry can find out whether Sir, Lanka, which has surplus pepper, is importing pepper from third country. If there is a large quantity of import from third country to Sri Lanka and if it is finding its way through Sri Lanka into India, then we should take up this matter with the Sri Lankan authorities. In view of the sentiments which have been expressed in this House and the information which has been given, will they take up this matter with the Sri Lankan authorities?

DR. MURLI MANOHAR JOSHI: The same thing applies to palm oil also. In the case of palm oil, the same thing is happening. Will the Ministry take cognisance of the fact that several vanaspati industries have been closed because of this type of activity?

SHRI PRANAB MUKHERJEE: Sir, if the hon. Member wants to put a question on vanaspati, there is no problem. The Minister will answer his question. So far as Shri Yashwantji's question is concerned, it is being ascertained. This type of complaint has not come for the first time. Sometimes, a complaint is made that third country's goods are coming from Nepal. I agree with the hon. Member that there is an easy way to find it out. The total production of a country and the export which are taking place can be ascertained. All these figures are available nowadays. So far as Vietnam, Indonesia and Ecuador are concerned, imports are taking place from these countries to India regularly, through the normal route. For instance, in 2002-03, imports from Vietnam were to the extent of 7014 MT....

SHRI YASHWANT SINHA: I am referring about exports of Sri Lanka.

SHRI PRANAB MUKHERJEE: I am talking of the direct imports from Vietnam to India. Therefore, when there is a facility that by paying the normal customs duty, a country can export its goods to India, then, why would they like to do it through other countries? Apart from that, when you look at the production figure and the export figure to India by the Sri Lankan Government, there is no distortion.

श्री सभापति: नेक्स्ट क्वैश्चन। प्रो॰ अलका क्षत्रिय।